

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA BARBARA
OVERSIGHT BOARD MINUTES**

**Wednesday, September 11, 2013 – 9:00 a.m. to 10:00 a.m.
Casa Las Palmas
323 East Cabrillo, Santa Barbara CA**

MEMBERS:

<u> X </u> Brian Fahnestock, Chair , California Community Colleges	<u> X </u> Renée Bahl , Santa Barbara County Flood Control and Water Conservation District
<u> A </u> Carolle Van Sande, Vice Chair , Member of Public	<u> A </u> Meg Jetté , Santa Barbara County Education Office
<u> X </u> Chandra Wallar , County of Santa Barbara	<u> X </u> Liz Limón , Former Agency Employee Representative, City of Santa Barbara
<u> X </u> Jim Armstrong , City of Santa Barbara	

STAFF:

 X **Mark Manion**, Oversight Board Counsel

 A **Stephen Wiley**, City Attorney, City of Santa Barbara

 X **Sarah Knecht**, Assistant City Attorney, City of Santa Barbara

 X **Brian J. Bosse**, Waterfront Business Manager, City of Santa Barbara

ORDER OF BUSINESS

- I. **CALL TO ORDER:** 8:56 a.m.
- II. **CHANGES TO THE AGENDA:** None
- III. **PUBLIC COMMENT:** None
- IV. **APPROVAL OF MINUTES**
 - A. July 31, 2013 Oversight Board Meeting
Motion to Approve: Limón, Armstrong seconds. Approved: 5 -0
- V. **CONSENT AGENDA**
 - A. City of Santa Barbara's Request for an Extension to Temporary Use Permit for 224 Chapala Street (letter attached)
Motion to Approve: Wallar, Bahl seconds. Approved 5 - 0
- VI. **ITEMS SCHEDULED FOR ACTION/DISCUSSION**
 - A. Update on Legislation (Manion).
Manion provided an update on the formation of a Joint Powers Authority (JPA). In regards to Paseo Nuevo (PN), a JPA could be formed; however, it does not alter the legislation nor offer more clarity or options that do not already exist.

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- B. That the Oversight Board Adopt A Resolution Of The Oversight Board Of The Successor Agency (SA) To The Redevelopment Agency Of The City Of Santa Barbara Approving the Long Range Property Management Plan for the Former Redevelopment Agency's Leased Fee Interest in the Paseo Nuevo Shopping Center.

Knecht recapped that Statute 1484 says that if a property is subject to enforceable obligations it must be retained by the SA to fulfill those obligations during the term of the lease. PN is encumbered by long term leases and the related agreements which deal with the provision of parking. The most critical being the obligation to provide 1,150 parking spaces within a 2 block radius of PN at the City lot rates of 75 minutes free parking and a reduced rate thereafter. At the time of the agreement, the RDA and the City entered into a cooperation agreement which required they operate as one. If PN was purchased on the open market, the obligation of providing parking would not be fulfilled as the obligation is not only the RDA's but the City's and the City cannot sell the obligation to a private party.

The provisionary lease requires the RDA to pay the parking and business improvement district assessment (PBIA). However, the parking operation agreement says that the amount is offset by the fact that the City operates the parking structures and reinvests the revenues into the operation of those structures. Even though the parking lots were transferred to the City, the agreement is not altered as the City still maintains the parking lots.

Waller stated that the obligations should follow the owner of the parking lots and if the City owns the parking lots, they should be responsible for providing the parking and paying the PBIA. Waller would like a legal obligation saying that the City acknowledges that they continue to have the enforceable obligation as a result of accepting the parking lots.

A discussion was held of who should pay the PBIA and if it should be added to the ROPS.

Knecht opined that the SA should not pay the PBIA and it should not be included on the ROPS as the parking lots were transferred to the City. However, the PBIA is not the only obligation and the obligation to provide parking at the rates for the duration of the lease still remains. According to Statute 1484, an enforceable obligation can be a contract and it does not have to be listed on the ROPS. It is the City's position that the existence of the ground lease between the City and the property owner constitutes an enforceable obligation.

Casey stated that PN along with the obligations should be transferred to the City as it is the City's responsibility to fulfill the lease agreements for the next 52 years, not the SA.

Wiley added that the City is the only entity that can redevelop PN to its maximum property potential when the lease terminates and the taxing entities would benefit

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from the property tax improvements that come from that. The City was always the intended owner as the agreements were defined as RDA/City.

Waller believes the SA or a JPA could successfully manage PN.

Public Comment

- 1) Rick Runnal, representative of Caruso Affiliates and on behalf of the owners, managers and investors regarding the property management plan for PN. Mr. Runnal expressed concern over the transfer of PN to a JPA and believes it is in the best interest of the property and community for the revisionary lease hold interest to be transferred to the City.

End Public Comment.

Armstrong moved to approve the LRPMP for PN amended to include the transfer of PN to the City along with all the obligations of the lease.

Limón seconds.

Approved 4 -1 (Waller opposed).

- C. Continued Discussion Regarding Successor Agency Expenditure of Excess Bond Proceeds and Receive Oversight Board Direction to Include Approved Projects on ROPS 13-14B.

Bosse stated that the primary discussion was held July 31. From then until now the Board was provided a number of documents to answer their questions.

Knecht explained that Statute 1484 is clear: excess bond proceeds must be used in accordance with the covenants that the original tax increment bonds were issued for. The Board was forwarded a letter from Orrick, Harrington, and Sutcliffe, that said the bond indenture is the legally binding commitment between the bond issuer and the bond purchaser. After a certain point in time, if the period stated in the bond indenture passes and the money is not used for the purposes for which those bonds were issued, the bonds can be defeased. However, Statute 1484 says that if there are excess bond proceeds and all the existing enforceable obligations have been paid and there are still proceeds, then those proceeds can be used for the purpose stated in the indenture, which is any redevelopment purpose. The bonds can only be defeased if there are no projects left.

Manion added that the discretion of how to spend the money would be up to the SA, not the OB. Section 34177.3 of the Redevelopment Law says that the SA does not have the ability to make new enforceable obligations, except in the case of excess bond proceeds. The City will have to include the expenditure of the excess bond proceeds on a ROPS and the OB will have the discretion and authority to approve it or not.

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Chair Fahnestock asked if there were any projects the City wanted to bring forward.

Knecht said the City has the projects that were discussed last meeting. The OB approved many but the 911 Call Center and the Cabrillo Arts Pavilion renovation were still outstanding. The Board does not need to take action as the City has determined that the projects are consistent with the bond covenants according to the Redevelopment Law and they will be placed on the ROPS. There were other projects that met the criteria, but the projects discussed last meeting were the council's priorities.

End discussion.

- D. That the Oversight Board Adopt A Resolution Of The Oversight Board Of The Successor Agency To The Redevelopment Agency Of The City Of Santa Barbara Approving ROPS 13-14 B for the period of January 1, 2014 thru June 30, 2014.

Bosse stated the only item on the ROPS 13-14 B using excess bond proceeds is the Mission Creek Flood Control Park Development, however, the OB could move to approve the ROPS with amendments to include other projects that use excess bond proceeds.

Knecht added that in order to award a contract on a project that uses excess bond proceeds before June 30, 2014, such as the 911 Dispatch Center, the item must be on ROPS 13-14B.

A discussion on what dollar amounts to add to the ROPS ensued.

Bahl moved to approve the ROPS 13-14 B with amendments to add the projects identified in the July 31, 2013 memo from SA staff to the OB including, but not to exceed, the 911 Call Center and Cabrillo Arts Pavilion, in an amount the SA staff feels is appropriate and to authorize the Chair to sign the Resolution.

Waller seconds.

Approved 5-0

VII. ADJOURNMENT

- A. Future Meeting(s):

None scheduled.